

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 INR-07 NSC-05 CIAE-00

TRSE-00 /040 W

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R 201314Z JUL 76

FM AMEMBASSY CAIRO

TO AMEMBASSY JIDDA

INFO SECSTATE WASHDC 5376

C O N F I D E N T I A L CAIRO 9770

E.O. 11652: GDS

TAGS: EAID EFIN PFOR EG SA

SUBJ: ASSISTANCE TO EGYPT: SAUDI CONTRIBUTION

REF: JIDDA 4904

1. AS NOTED REFTEL, SAUDIS -- AND OTHERS -- ARE WELL AWARE OF MAGNITUDE AND COMPLEXITY OF EGYPT'S FINANCIAL DIFFICULTIES. GIVEN USG ROLE IN ENCOURAGING AND FACILITATING ADDITIONAL ASSISTANCE THIS YEAR, COUPLED WITH GOE'S TENDENCY (SHARED BY ALL RECIPIENT COUNTRIES) TO PLACE REQUESTS IN "WHAT HAVE YOU DONE FOR ME LATELY" CONTEXT, IT WOULD BE USEFUL TO ENSURE WE ARE ALL USING SAME DATA WHEN IT COMES TO SUPPORT PROVIDED BY VARIOUS DONORS.

2. FOR THIS REASON, WE WOULD APPRECIATE FURTHER INFORMATION ON AMOUNTS MENTIONED PARA 2. SAUDIS HAVE BEEN GENEROUS TO EGYPT IN PAST, BUT REFERENCE TO ONE BILLION IN ADDITION TO NORMAL SUBSIDY IS A FIGURE THAT EXCEEDS OUR ESTIMATES OF CURRENT ASSISTANCE.

3. WE ARE AWARE OF \$300 MILLION LOAN PLEDGED DURING SADAT VISIT EARLIER THIS YEAR, AS WELL AS \$350 MILLION FOR MILITARY PURCHASES, BUT AS OF THIS DATE, NO REPORTS OF ADDITIONAL SUMS HAVE BEEN RECEIVED HERE. KHARTOUM SUBSIDY OF ABOUT \$100 MILLION CAN
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BE EXPECTED (\$92 MILLION WAS RECEIVED IN 1975

ACCORDING TO CENTRAL BANK DATA), BUT RABAT PAYMENT OF \$170 MILLION (IN 1975) WILL PROBABLY NOT BE REPEATED. THUS TOTAL FOR SAUDI ARAOIA IS ABOUT \$750 MILLION ON BASIS OF OUR INFORMATION, OF WHICH ONLY ABOUT HALF WILL BE OF HELP WITH BOP.

4. PROSPECTIVE GULF ORGANIZATION FOR DEVELOPMENT IN EGYPT APPEARS TO BE ANOTHER SOURCE OF FINANCING FOR PROJECTS AND INVESTMENTS, OF WHICH EGYPT ALREADY HAS MORE THAN SHE CAN USE. BOP SUPPORT IS CRUCIAL MISSING ELEMENT, AS JIDDA AND THE SAUDIS KNOW, AND WHAT HAS BEEN GIVEN IN THE PAST HAS LONG SINCE BEEN USED. GODE IS THEREFORE OF LITTLE USE, AS PRESENTLY CONCEIVED, IN OVERCOMING CURRENT CRISIS. EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO09770
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760279-0640
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760742/aaaabkkz.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 JIDDA 4904
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by BoyleJA>; APPROVED <13 OCT 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSISTANCE TO EGYPT: SAUDI CONTRIBUTION
TAGS: EAID, EFIN, PFOR, EG, SA
To: JIDDA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006